



# Inventory Planning & Optimization

The Kinaxis® RapidResponse® Inventory Planning and Optimization application helps you right size your inventory at all network levels so you can exceed your customers' expectations.

Using the Inventory Planning and Optimization application, determine optimal inventory strategies and policies supporting required customer service levels across several echelons of a supply chain with either single-echelon inventory planning (SEIP) or multi-echelon inventory optimization (MEIO).

## Business outcomes

- ▶ Systematic and statistical way to effectively cover supply chain risks
- ▶ Informed tradeoffs between service targets and inventory levels, maximizing corporate performance
- ▶ Improved inventory turns
- ▶ Reduced inventory holding costs
- ▶ Consistently achieved customer service targets, communication and execution of events planned by sales, marketing or finance

“ Our finished goods inventory was reduced by 20% within 3 months of deploying RapidResponse. ”

**Shellie Molina**  
VP, First Solar

# Application process components

The out-of-the box Inventory Planning and Optimization application supports these process steps:

## 1 Configure parts for optimization

- Set up and configure new parts so information can be included in safety stock calculation and order policy
- Make adjustments to configuration of existing parts as required (e.g. safety stock model or service level)

## 2 Generate safety stock recommendations

- Review safety stock information and select recommendations to implement

## 3 Review and evaluate impact

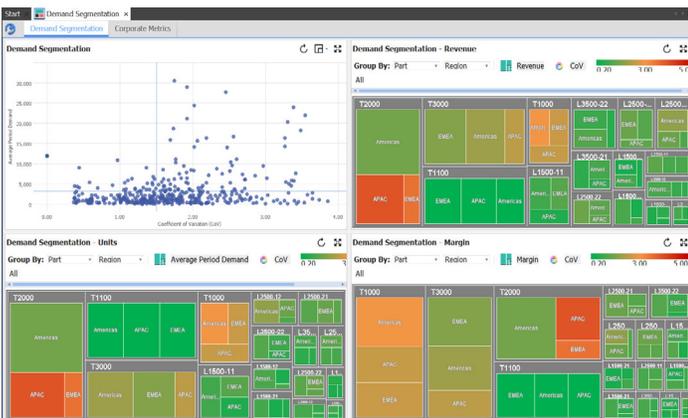
- Review the safety stock planning and optimization changes by assessing the impact on the inventory planning scorecard

## 4 Collaborate on recommendations that impact activities within lead time

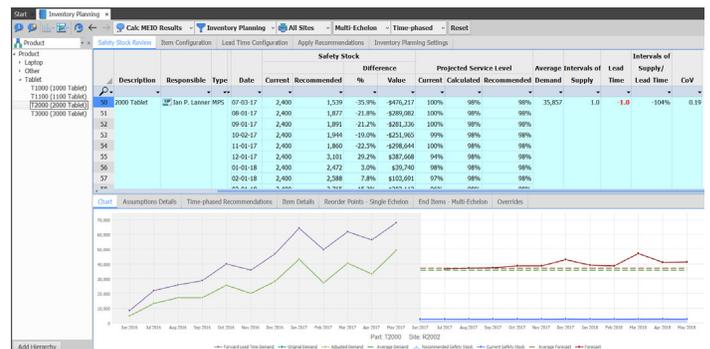
- Collaborate on recommended adjustments that affect near-term execution to determine feasibility and resolution as required

## 5 Finalize and publish recommendations ✓

- Commit adjustments



Demand segmentation



Inventory planning workbook

## Managing performance

Standard measures include revenue, margin, inventory value, on-time delivery and constraint utilization as well as metrics associated specifically with inventory planning and optimization. This allows for focused analysis of the performance measures most applicable to the function at hand. Measures presented in the Inventory Planning and Optimization dashboard include:

- ▶ **On Hand vs. Target:** A dollarized measurement of actual inventory by part class (e.g. finished goods (FG), semi-finished goods (WIP) and raw material (RM) compared against the annual plan.
- ▶ **On Hand by ABC Classification:** A dollarized measurement of actual inventory by ABC classification of parts compared against the annual plan.
- ▶ **Demonstrated Service Level:** A demonstrated customer service level percentage, per period, compared against the annual plan.
- ▶ **Periods of Supply by Part Category:** A measurement of the number of periods of supply that the ending inventory balance (per period and category) is expected to cover.
- ▶ **Excess and Obsolete Value:** A time-phased measurement of the excess or obsolete value over a horizon.

## Cross-functional collaboration

In the Inventory Planning and Optimization application, collaboration occurs across these functional roles:

Manages the detailed plan for components and raw materials required to satisfy the master production schedule, and analyzes and manages the excess and obsolete inventory position



Evaluates inventory target levels and updates inventory policies to ensure maintenance of service levels and inventory targets

## Kinaxis RapidResponse allows companies to concurrently plan, monitor and respond on one platform, across business functions.

With a single data model and analytics engine, RapidResponse offers an array of supply chain applications all easily accessible through a common user interface. Using our single product, instead of individual disparate software solutions, our customers gain end-to-end supply visibility and the agility to respond quickly to changing conditions. The result is significant operating and cost efficiencies.

Deploy RapidResponse applications individually or together. Designed to be highly configurable, you can easily adapt our applications to meet your company's unique business needs without the heavy burden of ongoing custom coding.

## What's next on your supply chain journey?

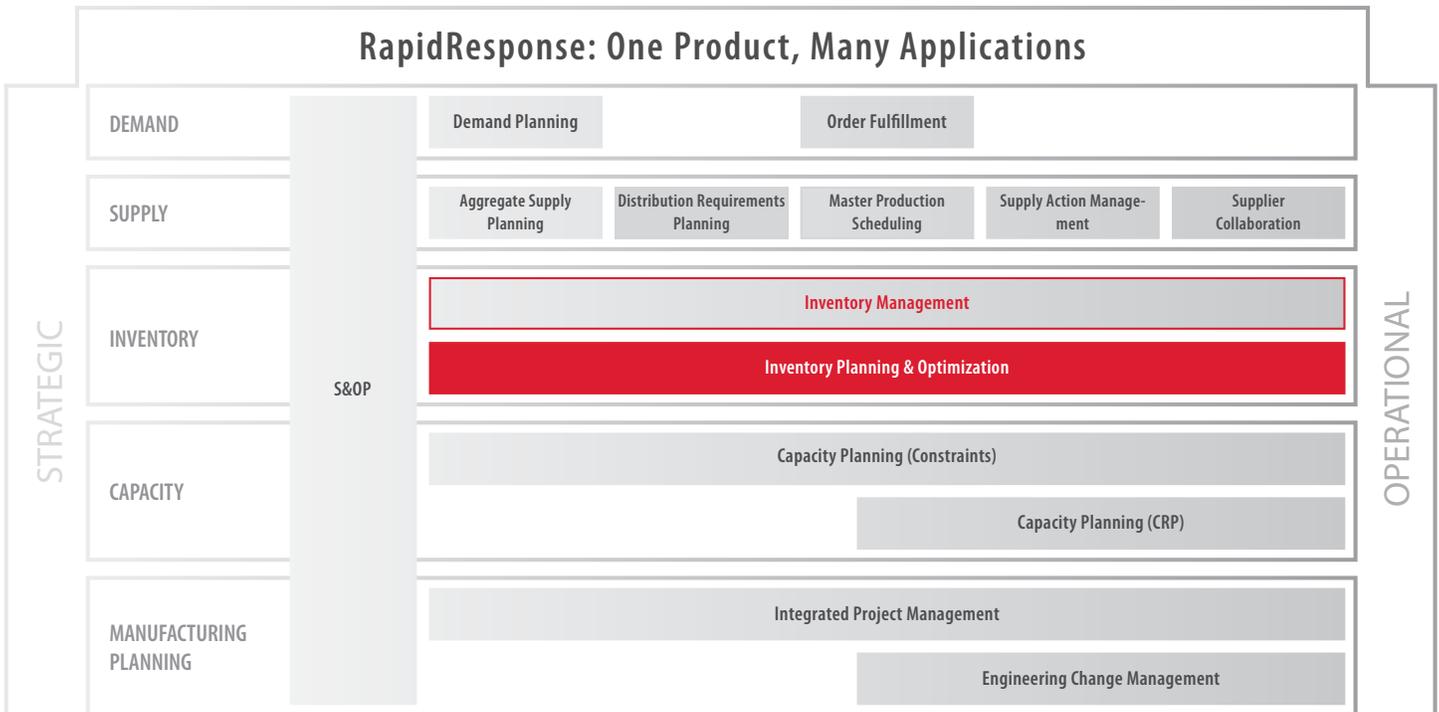
Choose the path that's right for your organization. With all our applications running on the single RapidResponse platform, you have the flexibility to deploy at your own pace. We'll help you mature your planning processes, wherever you happen to be in your supply chain journey. Achieve added benefits by using the Inventory Planning and Optimization application alongside one or more related applications to ensure synchronization across interrelated planning processes.

Organizations that use the Inventory Planning and Optimization application will have also subscribed to the Inventory Management application.

“ With RapidResponse we improved event management for supply with non-conformance and improved adherence to inventory targets above 95%. We are consistently managing abnormal scrap below budget (20% below budget).

**Executive**

Global 500 Pharmaceuticals Company



## Revolutionize your planning with Kinaxis RapidResponse

Offering the industry's only concurrent planning solution, Kinaxis is helping organizations around the world revolutionize their supply chain planning. Kinaxis RapidResponse, our cloud-based supply chain management software, connects your data, processes and people into a single harmonious environment. With a consolidated view of the entire supply chain, you can plan expected performance, monitor progress and respond to disconnects when reality hits. RapidResponse lets you know sooner and act faster, leading to reduced decision latency, and improved operational and financial performance. We can prove it. From implementation to expansion, we're here to help our customers with every step of their supply chain journey.



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